Driving a Sustainable Future

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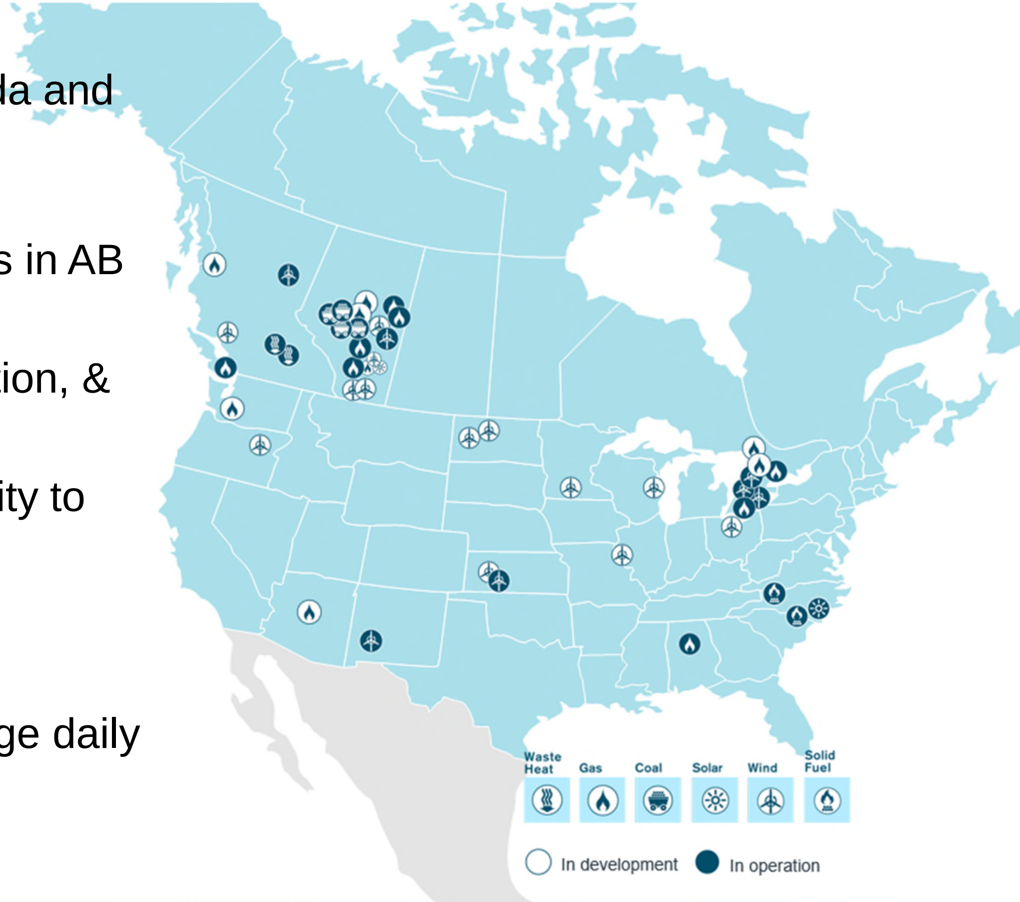
Capital Power

capitalpower.com

Capital Power overview

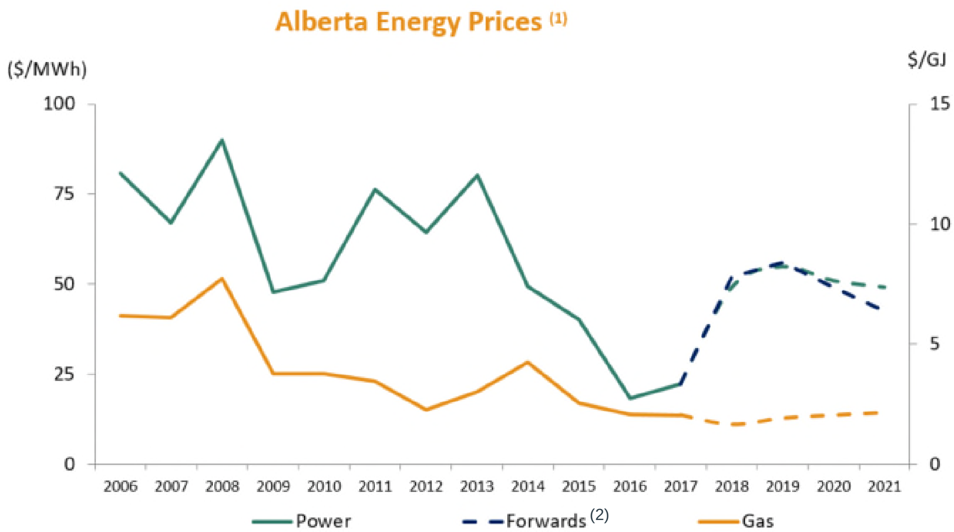
- Growth-oriented North American IPP with ownership interest in 24 facilities in Canada and the U.S. totaling approximately 4,500 MW
- Young and modern fleet of assets; strong pipeline of contracted growth opportunities in AB and the U.S.
- Proven operating, development, construction, & risk management expertise
- Strong balance sheet and financial flexibility to fund growth
- Strong and stable contracted cash flow to support dividend growth(1)
- TSX (CPX); market cap of \$2.5B(2); average daily trading of ~440K(2) shares



1) Subject to Board approval.
2) Market capitalization as of March 31, 2018. Average daily trading in 2017.

Alberta market forecasts

Uplift in power prices starting in 2018



- Announced early retirements and mothballing of coal-fired units reduce supply in the market
- Balancing Pool returning PPAs to owners
- Demand growth recovering
- Pass-through of higher environmental compliance costs
- Mandated coal retirements near the end of this decade

1) Power and gas forecasts represent the average forecasts of leading 3rd party consulting firms as of March 2018.
2) Forward prices as of March 2018.

Alberta power market upside

Step-change increase in AB power prices starting in 2018

- Current forward prices in $55-$60/MWh range for balance of 2018 and 2019 compared to $22/MWh average in 2017
- 2018 AFFO financial target based on $49/MWh average AB power price
  - EBITDA sensitivity(1) to a $5/MWh change in spot price:
    - $10M in 2018, $23M in 2019, and $27M in 2020
- AESO recently released Draft 1 of the Comprehensive Market Design, which is generally consistent with our view of a properly designed capacity market for Alberta

1) Based on hedged positions as of November 30, 2017 disclosed at 2017 Investor Day.

Capacity market design

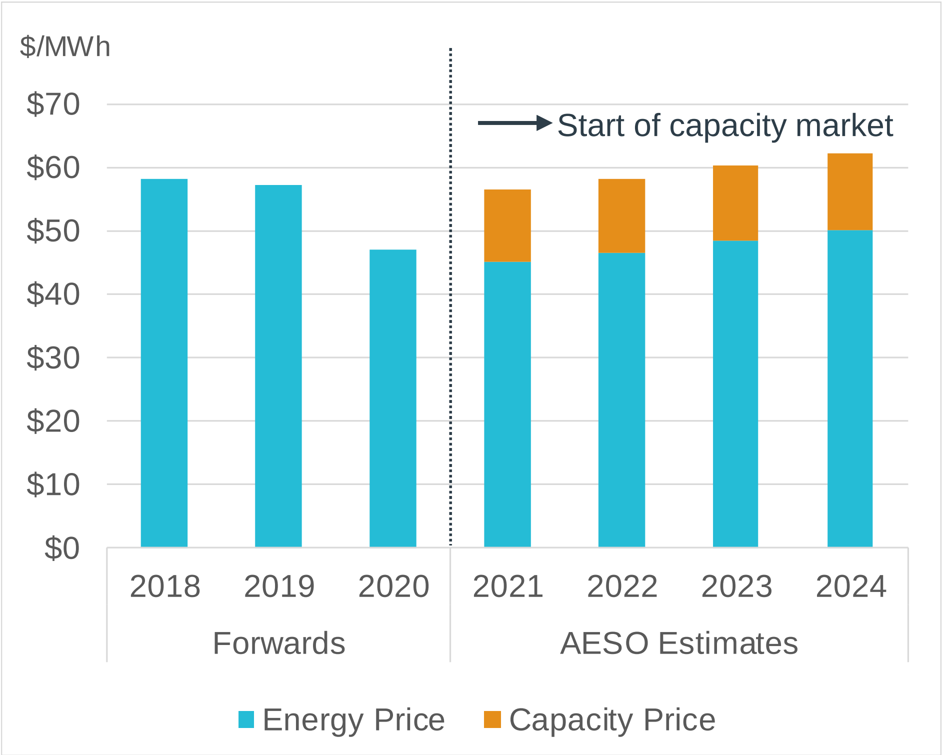
Key components of Draft 1

- AESO released Draft 1 of the Comprehensive Market Design on Jan 26/18
- Overall, design appears constructive and resembles a market structure where existing and future assets have the opportunity to earn a return on/of capital without putting undue cost or risk onto the ratepayer
- Government of Alberta's commitment to treat new and existing assets equitably has been honored – one auction for new and existing
- Draft 1 includes a reasonable amount of energy and capacity market mitigation as expected
- AESO will be working through an iterative process to finalize market design that is targeted for July 20, 2018

Draft 1 is generally consistent with our view of a properly designed capacity market for Alberta and Capital Power is well-positioned under this market design

Capacity market design

AESO's forecast revenue for baseload facilities commencing in 2021 based on proposed design



Under the capacity market, AESO's forecast of $55-$65/MWh for the combined capacity and energy payments will allow existing and future assets an opportunity to earn a return on/of capital

Alberta power market

Renewable Electricity Program (REP) – Rounds 2 & 3

- Next two rounds of the REP target 700 MW of new renewable capacity
- Key requirements under both rounds
  - new or expanded renewable electricity generation projects
  - connection to existing distribution or transmission systems
- AESO has launched both competitions this spring and successful bidders to be announced by the end of 2018

REP-2 (300 MW)
Minimum 25% Indigenous equity component (i.e. ownership stake in the project or land use agreement between the company and the community)

REP-3 (400 MW)
Similar to round 1

Capital Power is well-positioned to bid on both competitions with its Whitla 2 and Halkirk 2 projects

Canadian opportunity set

Significant investment required by 2030

British Columbia

Site C uncertainty
Development sites:

- 2x wind
- 1x gas

Saskatchewan

Targeting 50% renewable generation capacity by 2030

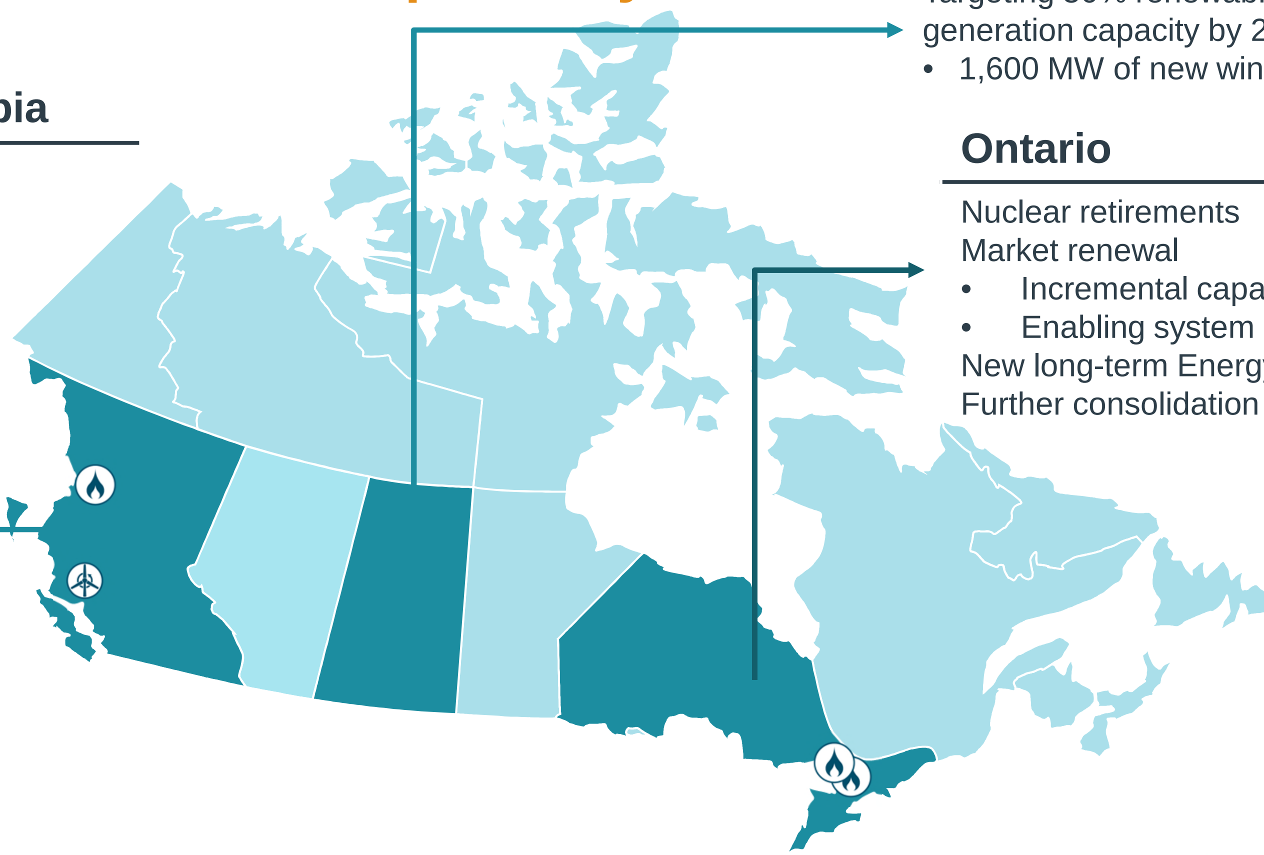
- 1,600 MW of new wind

Ontario

Nuclear retirements
Market renewal

- Incremental capacity auctions
- Enabling system flexibility

New long-term Energy Plan
Further consolidation



US wind development opportunities

Our approach

Nolin Hills

- 350 MW
- >6 m/s wind speed

Garrison Butte

- 200 MW
- >8 m/s wind speed
- MISO or SPP

Salt Springs

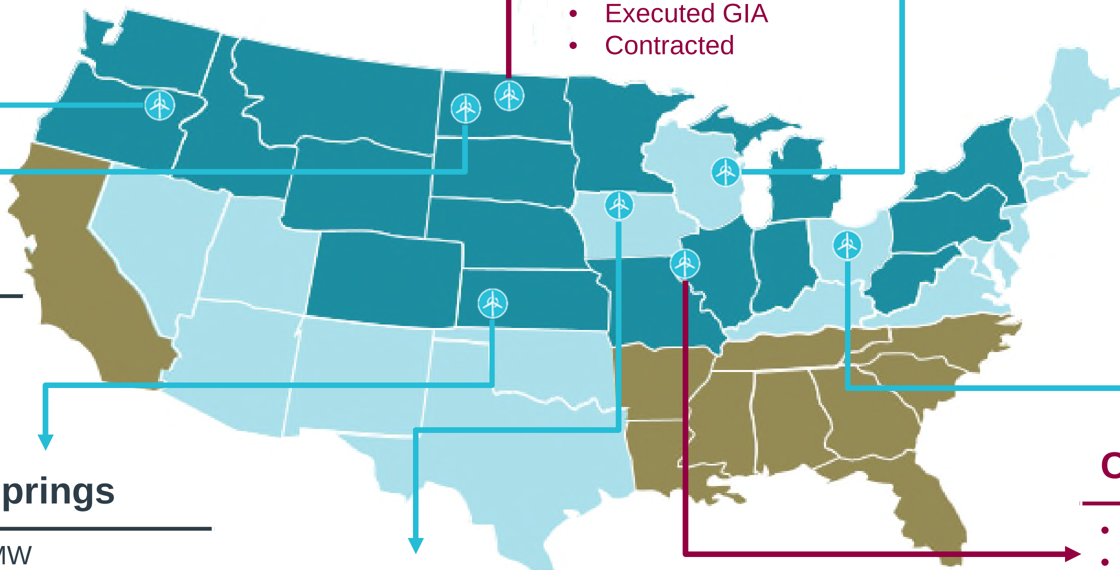
- 200 MW
- >8 m/s wind speed
- SPP
- 30 mi north of Bloom Wind

Willow Creek

- 100-200 MW
- MISO

New Frontier

- 99 MW
- >8 m/s wind speed
- MISO
- Executed GIA
- Contracted



Tisch Mills

- 100 MW
- >7 m/s wind speed
- MISO
- WI RPS
- Advanced DPP

Black Fork

- 100-180 MW
- >6 m/s wind speed
- PJM
- Executed GIA
- Permitted OH project

Cardinal Point

- 150 MW
- >7 m/s wind speed
- MISO
- IL RPS contracted
- Advanced DPP

Executing on strategies to reduce GHG costs/risks

Carbon price

- Alberta carbon price of $30/tonne in place January 1, 2018
- Government model shifts the profile of existing carbon credit value realization but maintains overall value of Capital Power's inventory of credits

Management of risks and opportunities

- First year of Genesee Performance Standard (GPS) project completed with subsequent years accelerated
- Continue to actively develop and optimize carbon credits
- Biofuel opportunities
- Total conversion of coal plants to natural gas

Genesee generation station

Industry leader through the carbon transition

Advantages

- Highest availability for Alberta coal plants (95% over last 3 years)
- Lowest fuel cost from mine mouth operation
- Youngest units (21 years average) in Alberta
- Excellent maintenance history and focused reliability program
- Transition to natural gas maintains these advantages

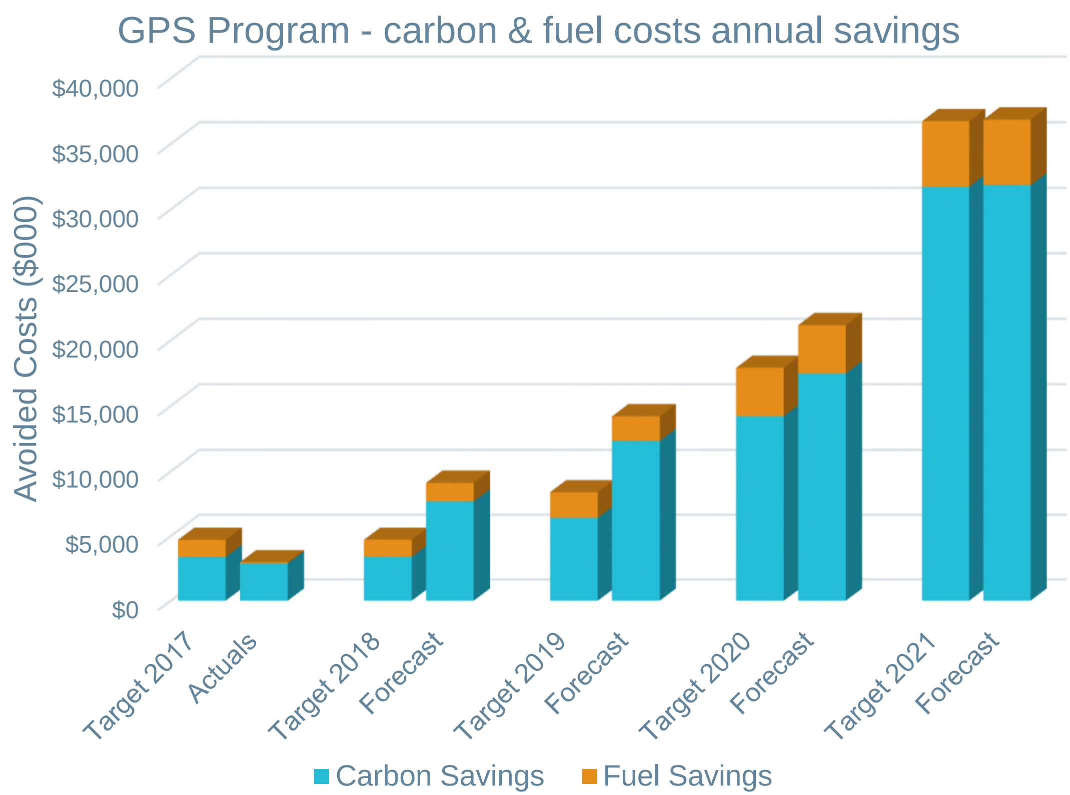
Transition

- World-leading, unique carbon reduction program (GPS)
- Staged approach for coal to gas conversion and dual fuel firing
- Bio-fuel substitution strategy

Genesee is well positioned to maintain its role as an industry leading generation facility

GPS program savings

Program reduces fuel & carbon compliance costs[1]



- Program targets an 11% reduction in GHG emissions
- $50M forecasted capital investment accelerated resulting in greater savings earlier in program
- Beyond 2021, savings maintained at $35M/year

1) Assumes a $30/tonne carbon compliance cost and baseload operation

Coal-to-gas conversion transition plan

Optimal operational flexibility for Genesee units

- Anticipate decision point in 2020 due to carbon & natural gas pricing
- Timing of conversion flexible with conversion period of 9 months or less
- Outage of 2 months per unit; capital cost of $25M-$50M per unit
- Co-firing provides greatest fuel flexibility through to 2030
- Developing gas strategies with JV partner
  - Genesee can currently co-fire up to 250 MW of natural gas
  - Reviewing ability to enhance natural gas utilization during planned outages
  - On track to bring significant natural gas to site by 2020
- Federal coal to gas regulations extends facility life to almost 2040

Superior availability and efficiency of coal fleet will carry over as converted natural gas units

Strategically evolving profile

Decreasing risk and growing cash flows

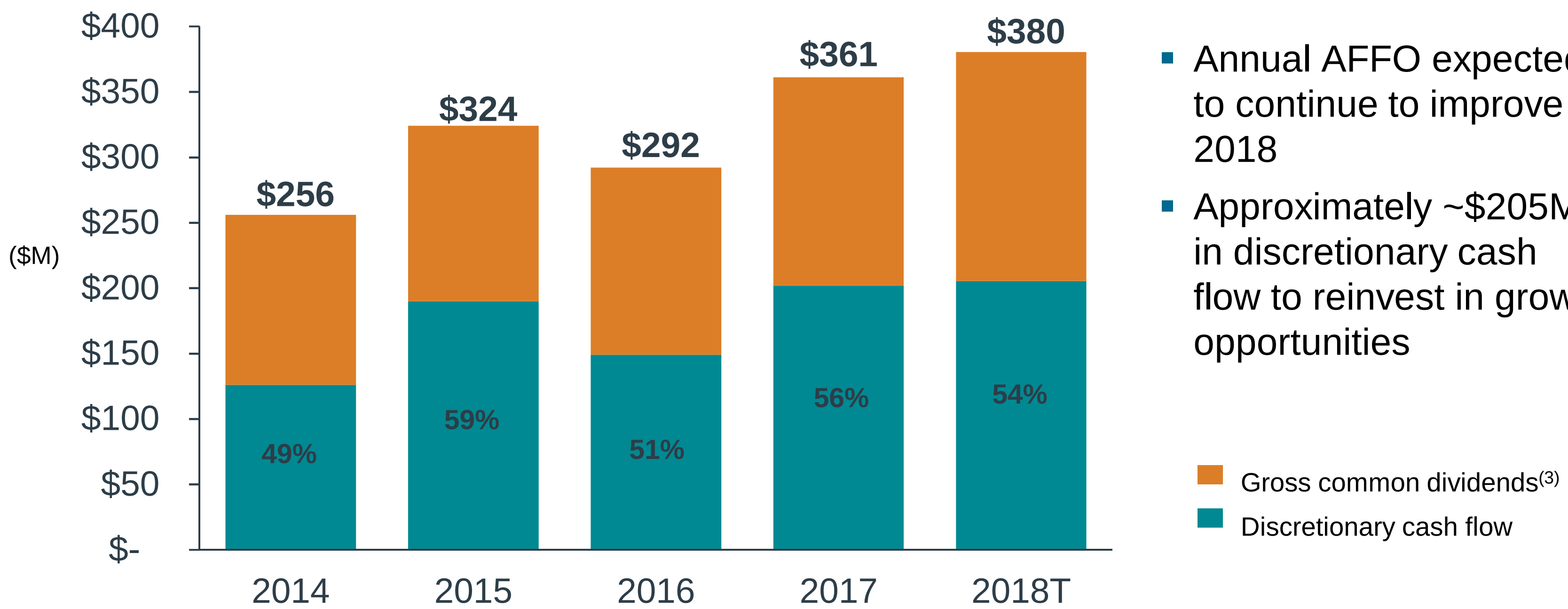
	Generation technology	Contracted capacity	North American footprint
2015	**42%** gas and renewables	**66%** Contracted	**74%** Alberta
2017	**54%** gas and renewables	**79%** Contracted	**63%** Alberta
	Fuel diversification	Greater visibility	Geographic diversification

Overview of financial strategy

Maintain investment grade credit rating	▪ Maintain and improve competitive cost of capital ▪ Ensure strong access to capital markets ▪ Provides stability to the dividend
Manage financing risk	▪ Properly laddered debt maturities ▪ Effective management of interest rate, foreign exchange and counterparty risk
Ensure economic discipline in growth	▪ Adherence to target return expectation ▪ Accretive to AFFO per share
Ensure stable dividend growth	▪ Annual 7% dividend growth within AFFO payout ratio of 45-55% ▪ Provide stability through contracted cash flow profile

Continued strong AFFO[1,2] generation

~54% of 2018 AFFO is expected to be discretionary

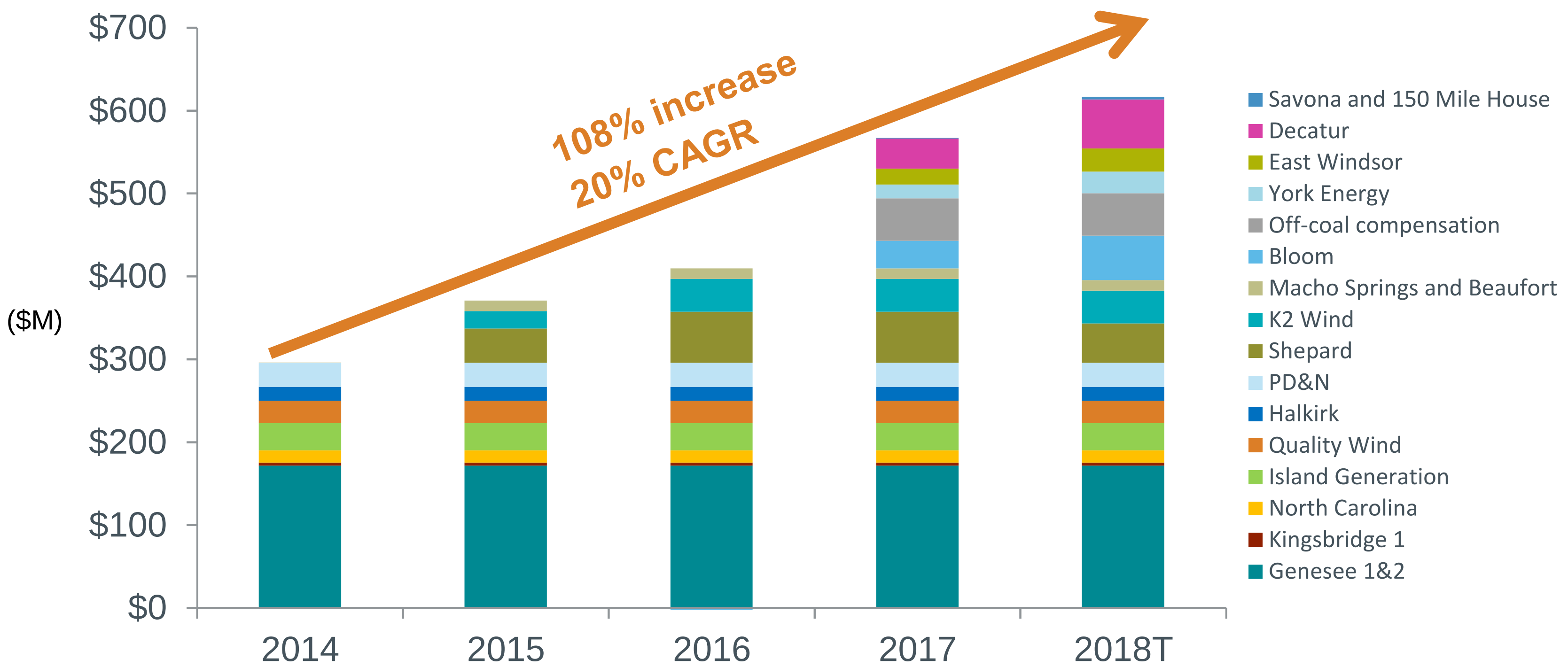


- Annual AFFO expected to continue to improve in 2018
- Approximately ~$205M in discretionary cash flow to reinvest in growth opportunities

Average 5-year discretionary cash flow of 54%

1) 2018 AFFO target represents the mid-point of $360M - $400M guidance range. AFFO is a non-GAAP financial measure.
2) Historical AFFO figures restated using Adjusted AFFO (2018 method).
3) Includes cash dividends, dividends retained under DRIP, and distributions to EPCOR.

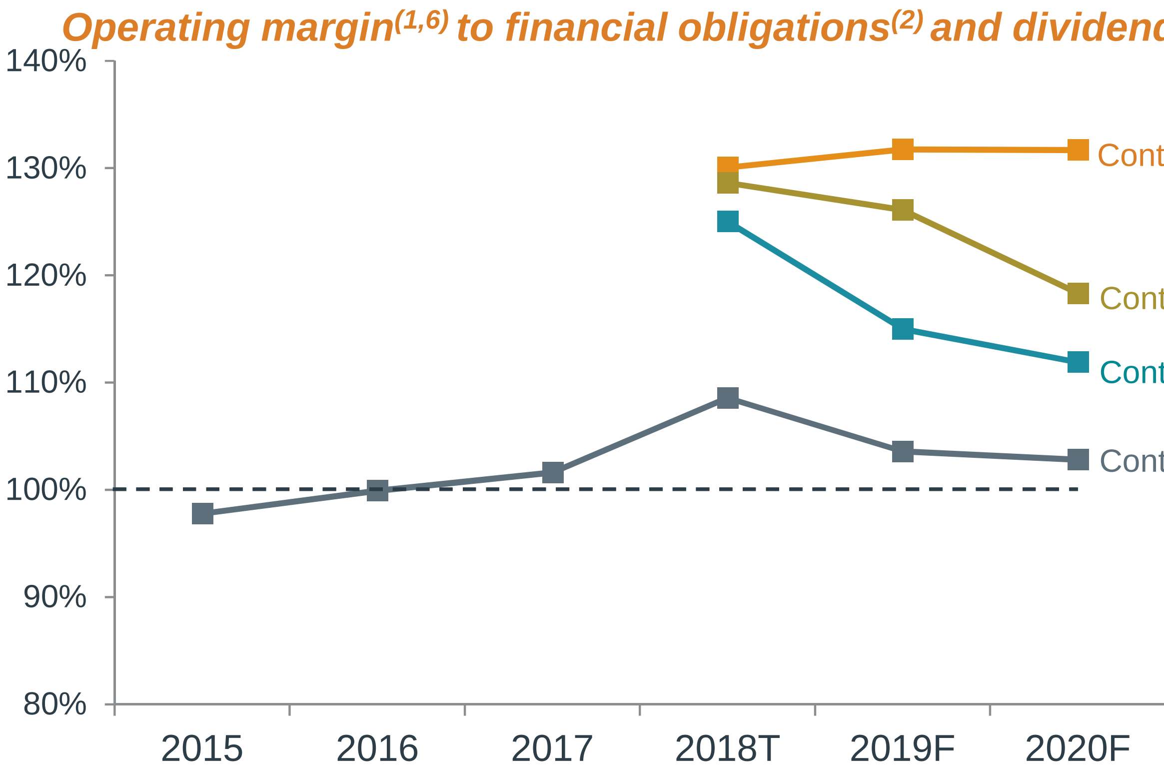
Contracted EBITDA growth(1-6)



Continue to build contracted cash flow profile

1) Margins have been averaged over the periods except in the year of commissioning/acquisition.
2) Only includes contracted portions of Halkirk and Shepard plants. Shepard contracted portion adjusted in 2018 for toll step-down.
3) Capital Power's share of adjusted EBITDA for all assets.
4) Includes off-coal compensation.
5) Adjusted funds from operations (AFFO) is a non-GAAP financial measure.
6) Bloom EBITDA has been adjusted for impacts of US tax reform legislation.

Financial obligations covered by contracted cash flow



Minimum Alberta power prices required to cover financial obligations and dividends[3]	
2018T	$0/MWh
2019F	Low-$20s/MWh
2020F	High-$20s/MWh

1) Merchant margin is calculated using $40/MWh and $60/MWh and is based on hedged position as at December 31, 2017.
2) Based on existing plants plus committed development projects. Financial obligations include interest payments (including interest during construction), sustaining contracted capital expenditures, project & tax-equity debt repayments, cash tax payable, and general & administration expenses.
3) Dividends include common and preferred dividends, including preferred dividend tax. Assumes consistent common dividend growth in 2018-2020.
4) Forwards as of December 31, 2017
5) Includes off-coal compensation.
6) Includes finance lease principal payments.

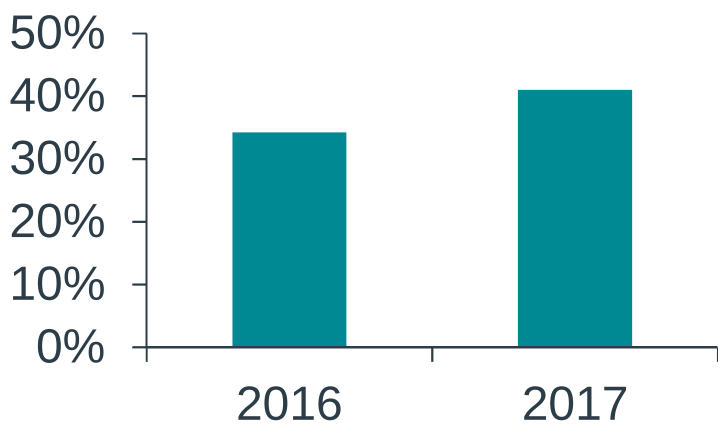
Financial strength

Strong balance sheet and investment grade credit rating

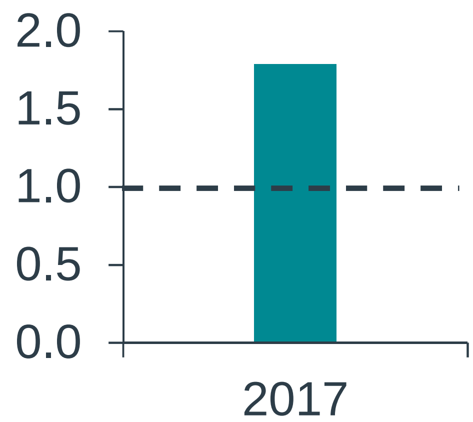
- Investment grade credit ratings by S&P and DBRS
- Continue to be well capitalized with capacity for leverage

Agency	Ratings	Outlook
S&P	BBB- / P-3	Stable
DBRS	BBB(low) / Pfd-3 (low)	Stable

Debt to total capitalization



Corporate Liquidity[1]

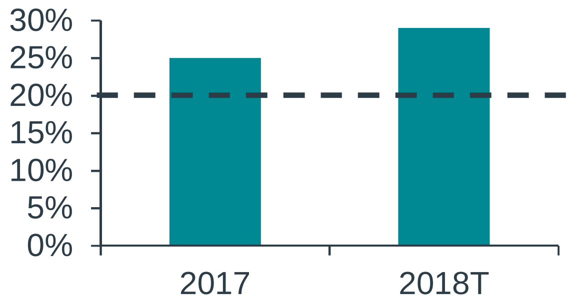


Capital Power is committed to maintaining investment grade

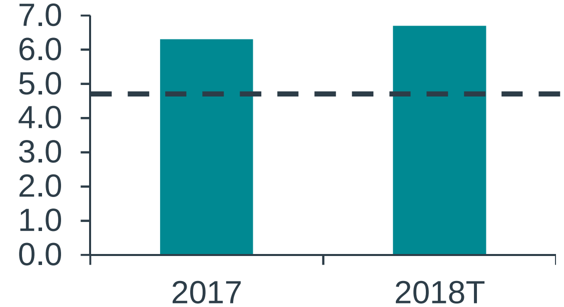
Credit metrics

Within DBRS financial criteria for current rating

Cash flow/Debt[1]

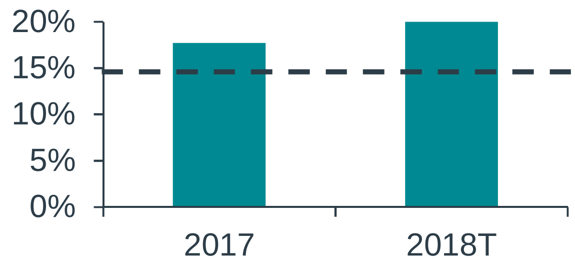


EBITDA/Interest[1]

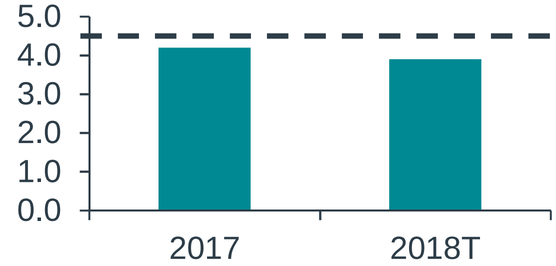


Within S&P financial criteria for investment grade rating

Adj. FFO/Adj. Debt[1,2]



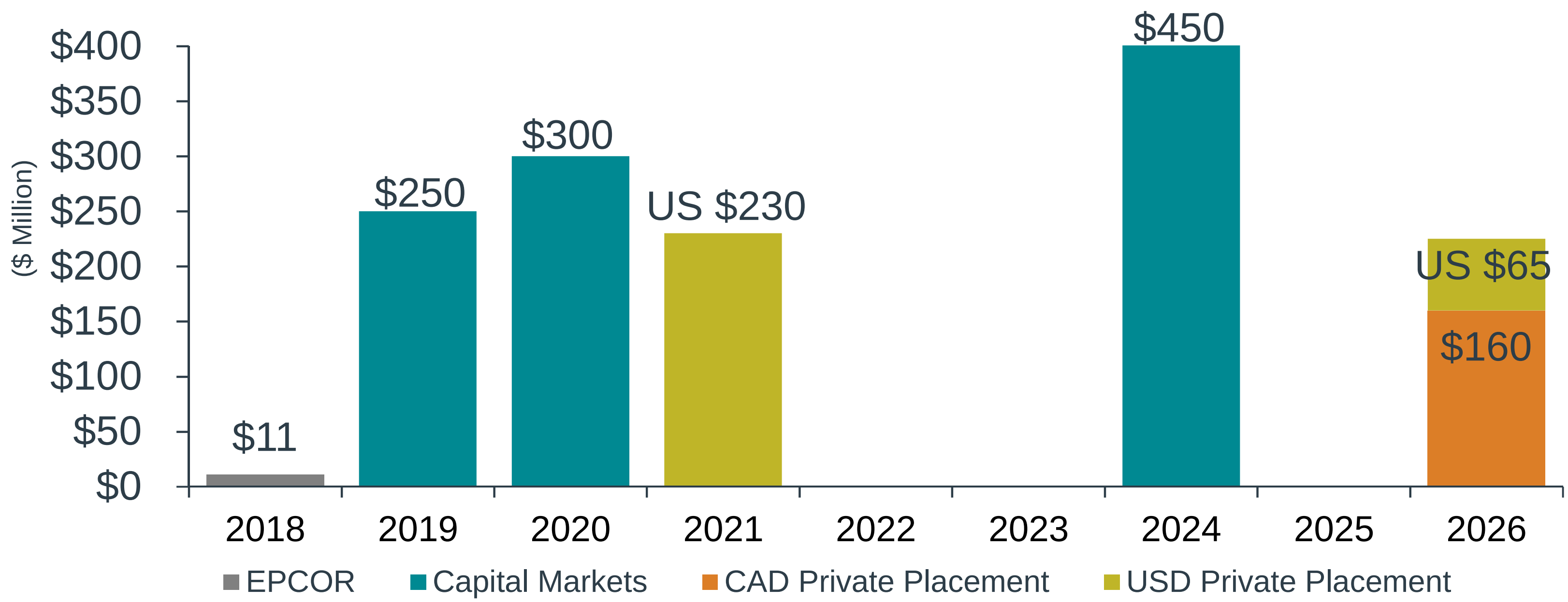
Adj. Debt/Adj. EBITDA[1,2]



1) Cash flow and adjusted EBITDA amounts include coal compensation in 2017.
2) Based on S&P's weighted average ratings methodology.

Debt maturity schedule[1]

~$1B in committed credit facilities renewed with 5-year tenor maturing 2022, of which virtually all is available[1]



Well spread-out debt maturities are supported by long asset lives

1) Debt amounts as of February 1, 2018 excludes non recourse debt, credit facility debt, and tax-equity financing. Amount available on credit facilities as of January 31, 2018.

Key takeaways

2018

- Alberta market:
  - Other coal plants coming off line and significant demand growth – higher prices reflected in forward curve
  - Alberta merchant exposure is only 20% of total EBITDA
  - Greater clarity on the new capacity market
- Contracted EBITDA > 80%, partially offset by carbon tax
- Expect to secure 1-3 contracted wind developments

Beyond 2018

- Improving Alberta power market outlook, expect neutral impact on EBITDA when G1/G2 PPAs expire at end of 2020
- Actions to reduce GHG emissions by 11% (GPS)
- Strong pipeline of contracted growth opportunities in Canada & US
- High probability of re-contracting of expiring PPAs for Island Generation and Decatur

Non-GAAP financial measures

The Company uses (i) earnings before net finance expense, income tax expense, depreciation and amortization, impairments, foreign exchange gains or losses, finance expense from its joint venture interests, and gains or losses on disposals (adjusted EBITDA), (ii) adjusted funds from operations, (iii) normalized earnings attributable to common shareholders, and (iv) normalized earnings per share as financial performance measures. For periods prior to 2017, the Company used funds from operations.

These terms are not defined financial measures according to GAAP and do not have standardized meanings prescribed by GAAP and, therefore, are unlikely to be comparable to similar measures used by other enterprises. These measures should not be considered alternatives to net income, net income attributable to shareholders of the Company, net cash flows from operating activities or other measures of financial performance calculated in accordance with GAAP. Rather, these measures are provided to complement GAAP measures in the analysis of the Company's results of operations from management's perspective. Reconciliations of adjusted EBITDA to net income (loss) and funds from operations and adjusted funds from operations to net cash flows from operating activities are contained in the Company's quarterly and annual Management's Discussion and Analysis documents available under the Company's profile on SEDAR at www.SEDAR.com and on the Company's website at capitalpower.com.

Adjusted EBITDA

Capital Power uses adjusted EBITDA to measure the operating performance of facilities and categories of facilities from period to period. Management believes that a measure of facility operating performance is more meaningful if results not related to facility operations such as impairments, foreign exchange gains or losses and gains or losses on disposals are excluded from the adjusted EBITDA measure. Commencing with the Company's March 31, 2016 quarter-end, the reported adjusted EBITDA measure was changed to include Capital Power's share of adjusted EBITDA from its joint venture interests. All comparative adjusted EBITDA amounts for quarters prior to those ended on March 31, 2016 were revised to conform with this change.

Adjusted funds from operations

The Company uses adjusted funds from operations as a measure of the Company's ability to generate cash from its current operating activities to fund growth capital expenditures, debt repayments and common share dividends to the Company's shareholders. Commencing with the Company's March 31, 2018 quarter-end, the Company will be adjusting its adjusted funds from operations measure to better reflect the purpose of the measure. These changes include the following:

- The reduction for sustaining capital expenditures historically included costs associated with the Company's Genesee performance standard project. These costs have been considered further and given that the intent of this project is to improve efficiency of the facility, management considers these costs to be growth in nature, and hence they should not be considered sustaining capital expenditures that would be deducted in the adjusted funds from operations measure.
- In prior periods, there has been an addback included for Part VI.1 preferred dividend tax impacts which effectively contemplated the associated tax deduction related to preferred share dividends that reduced current tax payable. Upon further consideration, since that deduction offsets the cash tax payable related to Part VI.1 preferred dividend taxes, the cash effects of the preferred dividend tax impacts should offset. The remaining impact to adjusted funds from operations should therefore be the current income tax expense without any adjustment pertaining to preferred dividend tax impacts.

Non-GAAP financial measures (cont'd)

- Historically, the impacts of tax equity financing structures on adjusted funds from operations have been insignificant. With the commencement of commercial operations of Bloom Wind in 2017, management has revisited the flow of these operations through the adjusted funds from operations metric. Similar to the treatment of joint venture interests, the treatment of assets under tax equity financing structures has been adjusted to reflect the Company's share of the adjusted funds from operations of these assets within consolidated adjusted funds from operations. To give effect to this change, the deduction for net finance expense now excludes non-cash implicit interest expense pertaining to tax equity financing structures. However, a deduction is made to remove the tax equity project investors' respective shares of the adjusted funds from operations of the assets under tax equity financing structures, as determined by their shares of the distributable cash of the respective operations.

Comparative figures have been restated to reflect the above refinements to the adjusted funds from operations metric.

Adjusted funds from operations represents net cash flows from operating activities adjusted to include net finance expenses and current income tax expenses and exclude changes in operating working capital and distributions received from the Company's joint venture interests. Net finance expenses and current income tax expenses are included as the timing of cash receipts and payments of interest and income taxes and the resulting cash basis amounts are not comparable from period to period. Changes in operating working capital are excluded from adjusted funds from operations as the timing of cash receipts and payments also affects the period-to-period comparability. Distributions received from the Company's joint venture interests are excluded as the distribution is calculated after the effect of joint venture debt payments, which are not considered an operating activity. Adjusted funds from operations is reduced by the tax equity financing project investors' shares of adjusted funds from operations associated with assets under tax equity financing structures to ensure that only the Company's share is reflected in the overall metric. Adjusted funds from operations also exclude the impact of fair value changes in certain unsettled derivative financial instruments that are charged or credited to the Company's bank margin account held with a specific exchange counterparty. Adjusted funds from operations is reduced by sustaining capital expenditures and preferred share dividends and adjusted to include the Company's share of the adjusted funds from operations of its joint venture interests and cash from coal compensation that will be received annually.

Funds from operations

For periods prior to 2017, Capital Power used funds from operations as a measure of the Company's ability to generate cash from its current operating activities to fund capital expenditures, debt repayments, dividends to the Company's shareholders and distributions to non-controlling interests. Funds from operations were net cash flows from operating activities adjusted to include finance and current income tax expenses and exclude changes in operating working capital. They also excluded the impact of fair value changes in certain unsettled derivative financial instruments that were charged or credited to the Company's bank margin account held with a specific exchange counterparty. The Company included interest and current income tax expenses excluding Part VI.1 tax recorded during those periods rather than interest and income taxes paid. The timing of cash receipts and payments of interest and income taxes and the resulting cash basis amounts are not comparable from period to period. The timing of cash receipts and payments also affects the period-to-period comparability of changes in operating working capital which were also excluded from funds from operations.

Forward-looking information

Forward-looking information or statements included in this presentation and in responses to questions are provided to inform the Company's shareholders and potential investors about management's assessment of Capital Power's future plans and operations. This information may not be appropriate for other purposes. The forward-looking information in this presentation is generally identified by words such as will, anticipate, believe, plan, intend, target, and expect or similar words that suggest future outcomes.

Material forward-looking information in this presentation includes expectations regarding:

- future revenues, expenses, earnings and adjusted funds from operations,
- the future pricing of electricity and market fundamentals in existing and target markets,
- future dividend growth,
- the Company's future cash requirements including interest and principal repayments, capital expenditures, dividends and distributions,
- the Company's sources of funding, adequacy and availability of committed bank credit facilities and future borrowings,
- future growth and emerging opportunities in the Company's target markets including the focus on certain technologies,
- the timing of, funding of, and costs for existing, planned and potential development projects and acquisitions (including the New Frontier Wind project and phase 1 of the Whitla Wind project),
- facility availability and planned outages,
- capital expenditures for facility maintenance and other (sustaining capital, future growth projects),
- the impact of environmental regulations on the Company, its businesses, accounting policies, and emissions compliance costs,
- the impact of the transition to a capacity market on the Company's future growth projects including the Genesee 4 and 5 project,
- expectations pertaining to the acquisition of Decatur Energy regarding: (i) financial impacts including expected impacts to adjusted funds from operations and adjusted EBITDA, and (ii) re-contracting of the facility,
- expectations pertaining to the financial impacts of the acquisition of the Veresen thermal facilities, including expected impacts to adjusted funds from operations and adjusted EBITDA,
- expectations pertaining to the amendment of the Genesee Coal Mine Joint Venture Agreement regarding reduction to Capital Power's cost of coal and expected enhancements to the Company's net income, adjusted EBITDA, net cash flows from operating activities and adjusted funds from operations,
- expectations around the Line Loss Rule Proceeding including timing of retrospective loss factors being finalized, participation in applicable appeal processes, and potential impacts to the Company,
- expectations around future impacts of U.S. tax law changes substantively enacted in the fourth quarter of 2017, and
- impacts of future IFRS standards and amendments.

These statements are based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions, expected future developments, and other factors it believes are appropriate including its review of purchased businesses and assets. The material factors and assumptions used to develop these forward-looking statements relate to:

- electricity and other energy prices,
- performance,
- business prospects and opportunities including expected growth and capital projects,
- status of and impact of policy, legislation and regulations,
- effective tax rates,
- other matters discussed under the Performance Overview and Outlook and Targets for 2018 sections, and
- anticipated performance of the acquired Veresen thermal facilities and Decatur Energy

Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks and uncertainties which could cause actual results and experience to differ materially from the Company's expectations. Such material risks and uncertainties are:

- changes in electricity prices in markets in which the Company operates,
- changes in energy commodity market prices and use of derivatives,
- regulatory and political environments including changes to environmental, financial reporting, market structure and tax legislation,
- generation facility availability and performance including maintenance of equipment,
- ability to fund current and future capital and working capital needs,
- acquisitions and developments including timing and costs of regulatory approvals and construction,
- changes in market prices and availability of fuel,
- ability to realize the anticipated benefits of the acquisitions,
- limitations inherent in the Company's review of purchased businesses and assets, and
- changes in general economic and competitive conditions.

See Risks and Risk Management in the MD&A for further discussion of these and other risks. Readers are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the specified approval date. The Company does not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements to reflect any change in the Company's expectations or any change in events, conditions or circumstances on which any such statement is based, except as required by law.